

ADDRESS BY
IRVING T. BOKER LCD

Boker

TEAM LEADER, LOGISTICS AND COMMUNICATIONS DIVISION
AT THE 15TH ANNUAL SEMINAR OF THE
NATIONAL CLASSIFICATION MANAGEMENT SOCIETY
SAN FRANCISCO, CALIFORNIA



MAY 16, 1979

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S. Wilton
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S. Harold Hughes

CONGRESS, GAO, AND CLASSIFICATION MANAGEMENT

SPEAKING FOR THE GENERAL ACCOUNTING OFFICE, WE APPRECIATE THE OPPORTUNITY TO FORMALLY PARTICIPATE IN YOUR FIFTEENTH ANNUAL SEMINAR. IT'S TAKEN US 15 YEARS TO MAKE OUR DEBUT AND WE HOPE THAT IT WON'T BE ANOTHER 15 YEARS BEFORE WE ARE INVITED TO PARTICIPATE IN ANOTHER ONE OF YOUR SEMINARS, BECAUSE WE SHARE THE MUTUAL OBJECTIVE OF IMPROVING CLASSIFICATION MANAGEMENT.

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SOME OF YOU MAY NOT BE FAMILIAR WITH THE ROLE OF THE GENERAL ACCOUNTING OFFICE. SO I WOULD LIKE TO TAKE A FEW MINUTES TO EXPLAIN GAO'S FUNCTIONS AND RESPONSIBILITIES. THEN I WANT TO BRIEFLY COVER HOW WE GOT INVOLVED IN THE CLASSIFICATION AREA, OUR RECENT REPORT ON EXECUTIVE BRANCH OVERSIGHT OF THE PROGRAM, OUR CURRENT EFFORTS ON CLASSIFICATION GUIDANCE, AND OUR FUTURE PLANS.

GAO'S FUNCTIONS AND RESPONSIBILITIES

THE BUDGET AND ACCOUNTING ACT OF 1921 AUTHORIZED THE ESTABLISHMENT OF THE GENERAL ACCOUNTING OFFICE, HEADED BY A COMPTROLLER GENERAL. THE CG, AS HE IS REFERRED TO, IS APPOINTED BY THE PRESIDENT FOR A 15-YEAR TERM. CONFIRMATION OF THE APPOINTMENT BY THE SENATE IS REQUIRED. THE GAO IS PART OF THE LEGISLATIVE BRANCH OF GOVERNMENT,

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ACCOUNTABLE TO THE CONGRESS AND NOT TO THE PRESIDENT AS IS THE CASE WITH FEDERAL AGENCIES THAT COMPRISE THE EXECUTIVE BRANCH.

IN THE FIRST 30 YEARS OF ITS EXISTENCE, GAO'S AUDITING FUNCTION CONSISTED PRIMARILY OF THE POST AUDIT OF DISBURSEMENT VOUCHERS. THE ACCOUNTING AND AUDITING ACT OF 1950 AND OTHER LEGISLATION ENACTED AFTER WORLD WAR II BROADENED GAO'S ^{AUDIT} _A FUNCTION. WE ADOPTED WHAT WAS THEN CALLED A COMPREHENSIVE AUDIT. THAT IS, IN ADDITION TO SEEING THAT APPROPRIATED FUNDS WERE BEING SPENT PROPERLY AND LEGALLY, WE STARTED LOOKING AT HOW WELL THE FUNDS WERE BEING SPENT--WERE THE PROGRAMS FULFILLING THEIR OBJECTIVES AS EFFICIENTLY AND ECONOMICALLY AS POSSIBLE. THIS, OF COURSE, INCLUDED WELFARE AND ECONOMIC DEVELOPMENT PROGRAMS, ^{THE} _A READINESS OF DEFENSE COMMANDS, THE PROCUREMENT OF MAJOR WEAPON SYSTEMS AND, MORE RECENTLY, THE CLASSIFICATION SYSTEM.

WE HAVE 12 DIVISIONS HEADQUARTERED IN WASHINGTON, D. C. AS WELL AS 14 REGIONAL OFFICES IN THE REST OF THE COUNTRY AND THE EUROPEAN, FAR EAST, AND LATIN AMERICAN BRANCHES WITH OFFICES IN FRANKFURT, HONOLULU, AND PANAMA CITY.

AT THE END OF FISCAL YEAR 1978 GAO HAD ABOUT 5200 FULL TIME EMPLOYEES. ABOUT 4,200 WERE PROFESSIONAL STAFF. THERE WERE ABOUT 2,500 ACCOUNTANTS AND AUDITORS AND OVER 100 ATTORNEYS. THE REMAINING 1,600 STAFF MEMBERS WERE FROM OTHER DISCIPLINES SUCH AS BUSINESS ADMINISTRATION AND MANAGEMENT. WE ALSO HAVE ENGINEERS, ECONOMISTS, SOCIAL SCIENTISTS, AND DOCTORS. THE EXPERTISE OF THESE OTHER DISCIPLINES IS ESSENTIAL FOR GAO TO MAKE THOROUGH EVALUATIONS OF DIVERSE GOVERNMENT PROGRAMS AND PROJECTS.

OUR WORK IS DIVIDED INTO TWO MAJOR CATEGORIES--SELF-INITIATED WORK AND CONGRESSIONAL REQUEST WORK. AS THE NAME IMPLIES, SELF-INITIATED WORK INVOLVES REVIEWS OR STUDIES THAT WE INITIATE BECAUSE OF KNOWN CONGRESSIONAL INTEREST, PUBLIC INTEREST OR GENERAL WELFARE, OR BECAUSE THE AMOUNT OF MONEY SPENT OR COMMITTED IS SUBSTANTIAL. ABOUT HALF OF OUR WORK FALLS IN THE SELF-INITIATED CATEGORY. THE OTHER HALF IS CONGRESSIONAL REQUEST WORK OR WORK MANDATED BY SPECIFIC STATUTE. REQUESTS COME FROM COMMITTEE CHAIRMEN AND INDIVIDUAL MEMBERS OF THE CONGRESS. OFTEN THE REQUESTS FROM INDIVIDUAL SENATORS AND CONGRESSMEN EVOLVE FROM CONSTITUENT SUGGESTIONS, ALLEGATIONS, AND COMPLAINTS.

GENERALLY, A REVIEW OF A MAJOR PROGRAM OR PROJECT IS PRECEDED BY WHAT WE CALL A SURVEY. DURING THE SURVEY PHASE WE TRY TO GET AN OVERALL VIEW OR UNDERSTANDING OF THE PROGRAM OR PROJECT, IDENTIFY POTENTIALLY WEAK AREAS, AND PLAN THE DETAILED REVIEW THAT MAY OR MAY NOT FOLLOW, DEPENDING UPON THE RESULTS OF THE SURVEY. SURVEY RESULTS ARE CAREFULLY EVALUATED BEFORE FURTHER WORK IS DONE. IF A SELF-INITIATED, DETAILED REVIEW IS WARRANTED, A GAO TEAM WILL DO THE WORK AT ONE OR PERHAPS SEVERAL LOCATIONS.

AT THE COMPLETION OF THE DETAILED REVIEW, A FORMAL REPORT IS GENERALLY PREPARED. DURING FISCAL YEAR 1978 WE ISSUED 840 REPORTS TO THE CONGRESS, ITS COMMITTEES, AND INDIVIDUAL MEMBERS. ABOUT 300 REPORTS WERE ISSUED TO THE HEADS OF FEDERAL AGENCIES. REPORTS ARE SENT TO AGENCY HEADS WHEN OUR FINDINGS ON SELF-INITIATED WORK ARE NOT CONSIDERED OF SIGNIFICANT INTEREST FOR REPORTING TO THE ENTIRE CONGRESS, WHEN THE AGENCY HAS TAKEN THE CORRECTIVE ACTIONS RECOMMENDED, OR WHEN THERE ARE NO FINDINGS OTHER THAN THAT WE FOUND EVERYTHING TO BE OKAY. ADMITTEDLY, THIS LATTER CATEGORY IS RARE. IT IS OUR POLICY TO SEND

COPIES OF REPORTS TO AGENCY HEADS TO THE CONGRESSIONAL AUTHORIZATION AND APPROPRIATION COMMITTEES.

IT IS ALSO OUR GENERAL POLICY TO SUBMIT DRAFTS OF OUR REPORTS TO THE AGENCIES OR CONTRACTORS INVOLVED TO OBTAIN THEIR COMMENTS. WHEN THERE ARE DEFICIENCIES THAT NEED CORRECTIVE ACTION, WE WILL RECOMMEND THAT THE HEAD OF THE AGENCY TAKE THAT ACTION, IF IT IS WITHIN HIS AUTHORITY TO DO SO. IF THERE IS A BASIC DISAGREEMENT BETWEEN THE AGENCY AND GAO, WE WILL REFER THE MATTER TO THE CONGRESS FOR ITS CONSIDERATION AND ACTION. SOMETIMES, HEARINGS ARE HELD AND THE CONGRESSIONAL COMMITTEE WILL DIRECT THE ACTION THAT IT WANTS THE AGENCY TO FOLLOW. SOMETIMES, LEGISLATION IS REQUIRED TO CORRECT OR IMPROVE A PARTICULAR ^{PROBLEM.} WE DON'T WIN EVERY CONTEST WITH AGENCIES, BUT WE DO HAVE A PRETTY GOOD TRACK RECORD.

LET ME POINT OUT THAT OUR PRIMARY OBJECTIVE IS NOT TO ISSUE REPORTS, IT IS TO IMPROVE EFFICIENCY AND ECONOMY IN GOVERNMENT. WHEN THAT OBJECTIVE CAN BE ACCOMPLISHED WITHOUT FORMAL REPORTING, WE SAVE CONSIDERABLE TIME AND MONEY. UNFORTUNATELY, IN MANY CASES THE CHOICE IS NOT OURS TO MAKE. THE CONGRESSIONAL REQUESTOR WILL SPECIFY THAT A FORMAL REPORT IS NEEDED. ALSO, UNFORTUNATELY, REPORTERS OFTEN TAKE LIBERTIES WITH THE FACTS IN OUR REPORTS AND EXAGGERATE AND DISTORT THE RESULTS. NEEDLESS TO SAY, SUCH DISTORTIONS DO NOT ENDEAR US INDIVIDUALLY OR COLLECTIVELY TO AGENCY OFFICIALS.

IN CONCLUDING MY DISCUSSION ABOUT GAO, I WOULD LIKE TO LEAVE YOU WITH A FEW STATISTICS ABOUT OUR OPERATIONS DURING FISCAL YEAR 1978--IT WAS A GOOD YEAR FOR US. MANY OF OUR SIGNIFICANT FINDINGS AND ACCOMPLISHMENTS ARE NOT MEASURABLE IN DOLLARS; HOWEVER, OUR WORK RESULTED IN IDENTIFIED SAVINGS OF 2½ BILLION DOLLARS. OUR APPROPRIATION FOR THE YEAR WAS 176 MILLION DOLLARS AND WE DIDN'T SPEND IT ALL. WE RETURNED ½ MILLION DOLLARS TO THE TREASURY.

CONGRESSIONAL CONCERNS ABOUT CLASSIFICATION

FOR MANY YEARS VARIOUS COMMITTEES AND INDIVIDUAL MEMBERS OF THE CONGRESS HAVE BEEN FRUSTRATED IN THEIR ATTEMPTS TO OBTAIN INFORMATION THAT HAS BEEN CLASSIFIED, MANY HAVE FELT THAT SOME AGENCIES HAVE USED THE CLASSIFICATION SYSTEM TO KEEP INFORMATION FROM THE CONGRESS AND THE PUBLIC BECAUSE DISCLOSURE MIGHT MAKE CONTINUED FUNDING OF THE PROGRAM OR PROJECT DOUBTFUL OR MIGHT BE EMBARRASSING. IN OTHER WORDS, THE CLASSIFICATION SYSTEM WAS BEING ABUSED. OF COURSE, PERCEPTIONS VARY DEPENDING ON WHICH SIDE OF THE FENCE YOU ARE ON. IT IS EASY TO UNDERSTAND WHY A CONGRESSMAN GETS IRATE AFTER READING ABOUT A SPECIFIC MATTER IN THE NEWSPAPERS, THAT WAS CLASSIFIED AND FURNISHED TO HIM ON THAT BASIS SEVERAL DAYS EARLIER. IT IS NOT SO EASY TRYING TO EXPLAIN TO HIM THAT THE INFORMATION WAS PROPERLY CLASSIFIED, BUT IMPROPERLY RELEASED BY AN AGENCY OR ADMINISTRATION OFFICIAL IN A SPEECH OR LEAKED TO THE PRESS BY SOME WELL-MEANING EMPLOYEE. THAT IS NOT TO SAY THAT ALL CONGRESSIONAL CONCERNS OR PERCEPTIONS ARE WITHOUT MERIT. ON THE CONTRARY, MANY TIMES INFORMATION IS IMPROPERLY CLASSIFIED AND WITHHELD TO COVER-UP PROBLEMS THAT AGENCY OFFICIALS WOULD RATHER KEEP CLOSETED.

GAO HAS BEEN INVOLVED IN CLASSIFICATION DISPUTES ON NUMEROUS OCCASIONS, EITHER IN CONJUNCTION WITH AN ONGOING REVIEW OR BECAUSE A CONGRESSMAN WAS HAVING DIFFICULTY OBTAINING INFORMATION WHICH HE FELT WAS NEEDED TO DO HIS JOB. UNTIL RECENTLY, GAO HAD NEVER ADDRESSED CLASSIFICATION AS AN INDEPENDENT SUBJECT, LIKE WE HAVE DONE WITH THE PRIVACY ACT AND THE FREEDOM OF INFORMATION ACT. PRIOR TO OUR RECENT REPORT IN MARCH, OUR ONLY MAJOR INVOLVEMENT WITH CLASSIFICATION WAS A REPORT IN FEBRUARY 1973. AT THE REQUEST OF THE HOUSE COMMITTEE ON

R GOVERNMENT OPERATIONS, WE GATHERED, WITH ASSISTANCE FROM THE AGENCIES, THE ESTIMATED ANNUAL COST OF CLASSIFYING DOCUMENTS AT THE DEPARTMENTS OF DEFENSE AND STATE, NASA, AND THE OLD AEC. THE ESTIMATED COST, I REPEAT, THE ESTIMATED COST WAS ABOUT 126 MILLION DOLLARS A YEAR AND IT WAS BY NO MEANS COMPLETE.

FROM TIME TO TIME VARIOUS CONGRESSMEN HAVE SUGGESTED THAT GAO REVIEW CLASSIFICATION PROCEDURES. AS A RESULT OF THESE SUGGESTIONS, WE STARTED A SURVEY OF THE CLASSIFICATION AREA IN MAY 1977. IN EARLY JUNE WE LEARNED THAT THE PRESIDENT HAD ORDERED A REVIEW OF THE GOVERNMENT'S SECURITY CLASSIFICATION POLICY AS A FORERUNNER TO A NEW EXECUTIVE ORDER THAT WAS EXPECTED TO BE ISSUED IN SEPTEMBER 1977. IN VIEW OF THE PRESIDENT'S ACTION, WE DECIDED TO DEFER OUR SURVEY UNTIL AFTER THE NEW EXECUTIVE ORDER WAS RELEASED. WE ALSO HAD A STAFFING PROBLEM WHICH I AM SURE IS FAMILIAR TO MOST OF YOU--PLENTY OF WORK, NOT ENOUGH STAFF.

IN DECEMBER 1977 DURING HEARINGS ON THE STRATEGIC AIRLIFT PROGRAM, SENATOR PROXMIRE, THE CHAIRMAN OF THE SUBCOMMITTEE ON PRIORITIES AND ECONOMY IN GOVERNMENT OF THE JOINT ECONOMIC COMMITTEE, WAS UNABLE TO OBTAIN CLASSIFIED INFORMATION JUSTIFYING A 13 BILLION DOLLAR INCREASE IN THE PROGRAM. NOR WAS THE INFORMATION MADE AVAILABLE TO GAO. CONSEQUENTLY, THE SENATOR ASKED THE COMPTROLLER GENERAL, MR. STAATS, TO CONSIDER MAKING A COMPREHENSIVE REVIEW OF THE CLASSIFICATION PROGRAM. MR. STAATS SAID THAT WE WOULD LOOK AT IT TO SEE IF WE COULD MAKE A CONTRIBUTION TO IMPROVING THE PROGRAM, BECAUSE IT HAD BEEN A MATTER OF CONTINUING CONCERN TO THE PRESIDENT AND THE CONGRESS. TWO OTHER SUBCOMMITTEES HAD PREVIOUSLY EXPRESSED AN INTEREST IN CLASSIFICATION AND GAO'S REVIEW OF THE PROGRAM. THEY

WERE SENATOR MUSKIE'S SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS OF
THE SENATE GOVERNMENTAL AFFAIRS COMMITTEE, AND CONGRESSMAN PREYER'S
SUBCOMMITTEE ON GOVERNMENT INFORMATION AND INDIVIDUAL RIGHTS OF THE
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS.

OUR INITIAL PLAN OF ACTION WAS TO MAKE A SURVEY OF THE PROGRAM
BEFORE STARTING A DETAILED REVIEW OF SPECIFIC AREAS. WE AGREED TO
PERIODICALLY BRIEF THE STAFFS OF THE THREE SUBCOMMITTEES ON THE
STATUS OF OUR SURVEY. WE ALSO WANTED TO SOLICIT THEIR SPECIFIC
CONCERNS SO THAT SUCH MATTERS MIGHT BE INCLUDED IN OUR SURVEY AND
DETAILED REVIEW.

REPORT ON EXECUTIVE BRANCH OVERSIGHT

WHEN I WAS TOLD THAT THE CLASSIFICATION REVIEW WAS GOING TO BE MY
NEXT ASSIGNMENT, I ASKED THE TEAM DIRECTOR, BOB GILROY, AND OUR
DIVISION DIRECTOR--WHY ME? I KNEW VERY LITTLE ABOUT CLASSIFICATION.
I HAD HAD A TOP SECRET CLEARANCE SINCE COMING TO GAO AND AN AEC Q
CLAERANCE SINCE 1967, AND I HAD HAD A FEW HASSLES WITH NASA OVER
CLASSIFIED DOCUMENTS RELATED TO THE APOLLO PROGRAM. BUT THAT WAS THE
EXTENT OF MY INVOLVEMENT WITH CLASSIFICATION. I TRIED TO POINT OUT

THAT I DID NOT POSSESS EVEN THE RUDIMENTARY KNOWLEDGE OR QUALIFICATIONS FOR SUCH A REVIEW. I MIGHT ADD HERE THAT, PROBABLY, SOME OF MY RECENT ACQUAINTANCES IN THE PENTAGON WOULD WHOLEHEARTEDLY AGREE THAT MY QUALIFICATIONS HAVE NOT CHANGED MUCH IN THE LAST YEAR. THE ONLY ASSIGNMENT COMPARABLE TO THIS ONE WAS ONE THAT I HAD IN 1970 WHEN I WAS ALSO AT THE WRONG PLACE AT THE WRONG TIME. SENATOR HAROLD HUGHS WANTED GAO TO FIND OUT HOW MANY GOVERNMENT EMPLOYEES HAD DRINKING PROBLEMS AND WHAT THEIR PROBLEMS WERE COSTING THE GOVERNMENT. THEN, AT LEAST I WAS NOT A COMPLETE NOVICE TO THE AREA. AFTER ALL, I HAD BEEN A PARTICIPATING DRINKER FOR MANY YEARS.

AFTER LISTENING TO THE FLATTERY OF THE DIVISION DIRECTOR AND TEAM DIRECTOR AND THE MORE SOBERING FACT THAT NO ONE ELSE WAS AVAILABLE, I RESIGNED MYSELF TO WHAT HAD ALL THE MAKINGS OF A CAREER LIMITING ASSIGNMENT. OH YES, I WAS TOLD THAT I WOULD GET SOME ASSISTANCE AS SOON AS STAFF BECAME AVAILABLE.

PROBLEM NUMBER ONE--WHERE DO YOU BEGIN LOOKING AT SUCH A MASSIVE, COMPLEX PROGRAM. THE ANSWER, OF COURSE, IS OBVIOUS. YOU START AT THE BEGINNING. IN THIS CASE, THE BEGINNING WAS EXECUTIVE ORDER 11652 WHICH TOOK EFFECT JUNE 1, 1972, AND THE NATIONAL SECURITY COUNCIL DIRECTIVE THAT CONTAINED GENERAL IMPLEMENTING INSTRUCTIONS. AFTER SOME FAMILIARIZATION WITH THE ORDER AND ITS IMPLEMENTING INSTRUCTIONS, THE NEXT STOP WAS THE INTERAGENCY CLASSIFICATION REVIEW COMMITTEE, BECAUSE IT WAS GIVEN THE RESPONSIBILITY FOR OVERSEEING AND MONITORING THE PROGRAM.

So, ON MARCH 13, 1978, AN OMINOUS SOUNDING DATE IF I EVER HEARD ONE, I SHOWED UP AT ICRC TO START WORK. BOB WELLS AND HIS STAFF WERE VERY HELPFUL AND ACCOMODATING. THEY HAD NEVER BEEN AUDITED BY GAO

BEFORE, WHICH WAS A PLUS IN MY FAVOR. THE NEXT SEVERAL WEEKS WERE SPENT REVIEWING ICRC'S ANNUAL REPORTS AND THE REPORTS SUBMITTED BY THE AGENCIES. FIGURES IN THE ANNUAL REPORT WERE VERIFIED WITH THOSE REPORTED BY THE AGENCIES. I REVIEWED ALL THE MINUTES OF THE MONTHLY MEETINGS OF ICRC FOR THE 6-YEAR PERIOD THAT IT HAD BEEN IN EXISTANCE, INSPECTION REPORTS OF STAFF VISITS TO AGENCIES, AND TONS OF CORRESPONDENCE. I ALSO MADE HUNDREDS OF COPIES OF DOCUMENTS, A POPULAR GAO PRACTICE, ^{THAT SOME OF YOU MAY BE FAMILIAR WITH.} THE ICRC STAFF WAS A SMALL, DEDICATED HARDWORKING GROUP WITH AN IMPOSSIBLE JOB. I AM GLAD TO SEE THAT THEY ARE NOW THE NUCLEUS OF THE INFORMATION SECURITY OVERSIGHT OFFICE.

AT THE END OF APRIL MY STAFF WAS INCREASED 100 PERCENT, WITH THE ADDITION OF DOUG CANNON. WE THEN STARTED AT DOD TALKING TO ART VAN COOK, BRUCE KUTCH, FRANK LARSEN, AND OTHER OFFICIALS OF THE VARIOUS DOD COMPONENTS. WE WERE STILL DOING OUR SURVEY. THAT IS, COLLECTING INFORMATION, EVALUATING IT, TRYING TO GET A HANDLE ON HOW AND WHERE TO MAKE A DETAILED REVIEW.

IN EARLY JUNE, WE GAVE STATUS BRIEFINGS TO THE STAFFS OF THE THREE SUBCOMMITTEES. OUR PRELIMINARY OBSERVATIONS CAUSED THEM SOME CONCERN AND THEY SUGGESTED THAT WE PREPARE A REPORT THAT WOULD INCLUDE NOT ONLY THESE OBSERVATIONS, BUT THE POTENTIAL IMPACT OF THE PROPOSED EXECUTIVE ORDER THAT WAS TO REPLACE 11652. AFTER OUR BRIEFINGS, WE VISITED THE NATIONAL SECURITY COUNCIL, CIA, AND THE DEPARTMENTS OF ENERGY, JUSTICE, AND STATE TO DISCUSS CLASSIFICATION PROGRAM MANAGEMENT WITH APPROPRIATE OFFICIALS. ALONG WITH DOD, THE OTHER FOUR AGENCIES COMPRISE THE BIG FIVE OF THE CLASSIFICATION BUSINESS. BRIEFLY, ^{HERE ARE SOME OF THE THINGS THAT WE REPORTED.} AFTER THE ICRC WAS ESTABLISHED IN 1972, ITS SUPPORT STAFF CONSISTED OF AN EXECUTIVE DIRECTOR AND A SECRETARY. THE PRIMARY MEANS

OF EVALUATING AGENCY COMPLIANCE WAS TO BE QUARTERLY ACTIVITY REPORTS SUBMITTED BY THE AGENCIES. AGENCIES WERE TO REPORT THE NUMBER OF CLASSIFICATION ACTIONS, THE LEVEL OF CLASSIFICATION (TOP SECRET, SECRET, AND CONFIDENTIAL) AND THE ASSIGNED DECLASSIFICATION CATEGORY (ADS, GDS, AND XGDS). REPORTS WERE ALSO REQUIRED FOR THE NUMBER OF AUTHORIZED CLASSIFIERS AND ABUSES THAT WERE IDENTIFIED DURING INSPECTIONS. THE REPORTS WERE CONSIDERED NECESSARY IN ORDER TO ENABLE ICRC TO MONITOR COMPLIANCE WITH EXECUTIVE ORDER 11652. THE OVERALL OBJECTIVE OF THE ORDER WAS TO CLASSIFY LESS INFORMATION AND TO DECLASSIFY IT SOONER, CONSISTENT WITH NATIONAL SECURITY REQUIREMENTS. ANOTHER OBJECTIVE OF THE ORDER WAS TO REDUCE THE NUMBER OF INDIVIDUALS WITH CLASSIFICATION AUTHORITY, ON THE ASSUMPTION THAT, IF THERE WERE FEWER CLASSIFIERS, LESS INFORMATION WOULD BE CLASSIFIED.

THE ICRC HAD PROBLEMS GETTING THE INFORMATION IT WANTED FROM SOME AGENCIES. WITH RESPECT TO STATISTICS ON CLASSIFICATION ACTIONS, DOD SAID THAT ITS STUDIES TO DEVISE A SAMPLING METHOD FOR ALL INSTALLATIONS SHOWED THAT ANY SYSTEM THAT IT ADOPTED WOULD BE COSTLY AND NOT REPRESENTATIVE OF ALL OF DOD, BECAUSE OF THE DIVERSITY OF MISSIONS OF COMPARABLE COMMAND LEVEL ORGANIZATIONS. CONSEQUENTLY, IT USED A SAMPLING OF MESSAGES PROCESSED WORLDWIDE THROUGH ITS SWITCH NETWORK AUTOMATIC PROFILE SYSTEM AND REPORTED ABOUT THREE AND A HALF MILLION ACTIONS A YEAR BY LEVEL OF CLASSIFICATION--TS, S, AND C. THE SYSTEM DID NOT SHOW THE DECLASSIFICATION CATEGORIES ASSIGNED TO THE MESSAGES OR WHETHER THEY WERE ORIGINAL CLASSIFICATION ACTIONS OR DERIVATIVE. BASED ON THE INFORMATION THAT WE WERE ABLE TO OBTAIN FROM DOD--MOSTLY ESTIMATES--WE ESTIMATED THAT THE TOTAL NUMBER OF CLASSIFICATION ACTIONS EACH YEAR, BOTH ORIGINAL AND DERIVATIVE, PROBABLY RANGED FROM 65 MILLION TO ABOUT 95 MILLION. THE MAJORITY OF THOSE ACTIONS

ORIGINATED WITH NSA. WE ALSO FOUND THAT AGENCIES SUCH AS THE CIA AND THE FBI ONLY COUNTED AND REPORTED FINISHED INTELLIGENCE REPORTS THAT WERE SENT OUT. IN OTHER WORDS, ANY CLASSIFIED MATERIAL GENERATED INTERNALLY THAT STAYED IN HOUSE WAS NOT REPORTED.

OF COURSE THE EFFECT OF THIS WAS THAT THE ICRC ANNUAL REPORT, WHICH SHOWED ONLY FOUR OR FIVE MILLION CLASSIFICATION ACTIONS A YEAR, GAVE A MISLEADING PICTURE AS TO THE TOTAL NUMBER OF CLASSIFICATION ACTIONS ANNUALLY. EVEN THOUGH ICRC'S REPORT HAD FOOTNOTES DISCLOSING THE LIMITATIONS IN THE FIGURES REPORTED, THERE WAS NO INDICATION OF THE TREMENDOUS VOLUME OF ACTIONS BOTH ORIGINAL AND DERIVATIVE, THAT WERE NOT REPORTED.

THERE WAS A SIMILAR SITUATION WITH RESPECT TO THE REPORTING OF THE DECLASSIFICATION CATEGORIES ASSIGNED TO THE CLASSIFICATION ACTIONS. THE ^{ICRC ANNUAL} REPORT SHOWED THAT 80 PERCENT OF THE REPORTED CLASSIFICATION ACTIONS HAD BEEN PLACED IN THE GENERAL DECLASSIFICATION SCHEDULE. TRUE, THERE WERE FOOTNOTES STATING THAT THE DECLASSIFICATION PERCENTAGES DID NOT INCLUDE CLASSIFICATION ACTIONS REPORTED BY DOD, ENERGY, OR THE CIA, BUT UNLESS YOU LOOKED ELSEWHERE IN THE REPORT, YOU WOULD NOT HAVE REALIZED THAT THOSE THREE AGENCIES ACCOUNTED FOR 97 PERCENT OF THE TOTAL CLASSIFICATION ACTIONS REPORTED. AND MOST OF THEIR CLASSIFICATION ACTIVITY WAS EXEMPT FROM GDS. NOW, THAT DOESN'T MEAN THAT THEIR CLASSIFICATION ACTIVITY SHOULD NOT HAVE BEEN XGDS. WE DIDN'T GET AN OPPORTUNITY TO EXAMINE THAT FACET OF THE PROCESS. HOWEVER, ICRC'S ANNUAL REPORT SHOWED THAT THE USE OF GDS HAD INCREASED FROM 37 PERCENT IN 1973 TO 80 PERCENT IN 1977. THAT IS AN IMPROVEMENT, BUT ONLY FOR 3 PERCENT OF THE REPORTED TRANSACTIONS. THE OTHER 97 PERCENT WAS STILL MOSTLY XGDS.

ICRC ALSO HAD DIFFICULTY IN GETTING AGENCIES TO REPORT ABUSES. EXECUTIVE ORDER 11652 DEFINED AN ABUSE AS AN UNNECESSARY OR OVER-CLASSIFICATION. ICRC REQUIRED AGENCIES TO REPORT OTHER TYPES OF CLASSIFICATION ERRORS SUCH AS, CLASSIFICATION WITHOUT AUTHORITY, UNNECESSARY EXEMPTION FROM GDS, AND IMPROPER OR INCOMPLETE MARKINGS. MOST AGENCIES COMPLIED WITH THE ABUSE REPORTING REQUIREMENT EXCEPT FOR NSA AND CIA, TWO OF THE LARGEST CLASSIFIERS.

AFTER ICRC SAW THAT THE REPORTING SYSTEM WAS NOT PROVIDING IT WITH AMPLE INFORMATION TO MONITOR THE PROGRAM, IT EMBARKED ON A SYSTEM OF ONSITE VISITS TO THE AGENCIES. AS ITS STAFF INCREASED, SO DID THE NUMBER OF VISITS. IN 1977 THERE WERE 96 VISITS TO AGENCIES IN THE WASHINGTON, D. C. AREA. HOWEVER, THERE WERE ONLY FOUR PROGRAM ANALYSTS MAKING THESE VISITS. ONE ANALYST HAD RESPONSIBILITY FOR ALL OF DOD AND CIA. THESE ONSITE VISITS GENERALLY CONSISTED OF A 4-HOUR DISCUSSION WITH SECURITY PERSONNEL. OBVIOUSLY, THE ICRC WAS TOO SMALL, SPREAD TOO THIN TO MAKE INDEPTH INSPECTIONS AND TO MAKE THEM AT AGENCY LOCATIONS OUTSIDE OF WASHINGTON.

WHILE GAO WAS TO SOME EXTENT CRITICAL OF ICRC'S PERFORMANCE IN MONITORING THE CLASSIFICATION PROGRAM, WE BELIEVE THAT ICRC DID A COMMENDABLE JOB WITH LIMITED STAFF IN A VERY DIFFICULT AREA. IT PURSUED IMPROVED TRAINING, A KEY ELEMENT TO A SUCCESSFUL CLASSIFICATION PROGRAM. ALSO, THE MANDATORY DECLASSIFICATION REVIEW SYSTEM APPEARED TO BE WORKING IN THE MANNER CONTEMPLATED BY THE EXECUTIVE ORDER. ICRC SEMINARS, SIMILAR, ALTHOUGH SHORTER THAN THE ONE WE ARE ATTENDING THIS WEEK, WERE ALSO EXTREMELY BENEFICIAL TO THE DISCUSSION AND RESOLUTION OF MUTUAL CLASSIFICATION PROBLEMS.

THE MOST CONTROVERSIAL ITEM IN OUR REPORT AND, PERHAPS, THE LEAST UNDERSTOOD OUTSIDE OF THE CLASSIFICATION COMMUNITY, WAS DOD'S USE OF CLASSIFICATION GUIDES AS ORIGINAL CLASSIFICATION AUTHORITY. NEITHER 11652, THE NATIONAL SECURITY COUNCIL DIRECTIVE, NOR ICRC INSTRUCTIONS PROVIDED FOR THE USE OF GUIDES AS ORIGINAL AUTHORITY. REGARDLESS OF THE JUSTIFICATION, THERE WAS NO ^{SPECIFIC} AUTHORITY FOR THE USE OF GUIDES. THE NEW ORDER AUTHORIZES THE USE OF GUIDES AS ORIGINAL CLASSIFICATION AUTHORITY, BUT WE BELIEVE THAT SUCH USE RESULTS IN A LOSS OF ADMINISTRATIVE CONTROL OVER WHO MAY CLASSIFY OR, TO BE MORE PRECISE, WHO MAY APPLY CLASSIFICATION MARKINGS TO NATIONAL SECURITY INFORMATION THAT WARRANTS PROTECTION.

NOW, DON'T GET ME WRONG, GAO IS VERY MUCH IN FAVOR OF THE USE OF GUIDES, BECAUSE, PROPERLY USED, THEY ASSURE SOME DEGREE OF CONSISTENCY IN THE CLASSIFICATION PROCESS. ALSO, IT APPEARS THAT GUIDES SHOULD FACILITATE THE MARKING PROCESS AND THEREBY SAVE A CONSIDERABLE AMOUNT OF TIME. OUR CONCERN WITH THE GUIDES IS THEIR USE AS ORIGINAL CLASSIFICATION AUTHORITY AND THEIR POTENTIAL USE BY ANYONE WITH THE PROPER CLEARANCE TO APPLY MARKINGS TO INFORMATION. WE WERE TOLD THAT THE USE OF GUIDES AS ORIGINAL AUTHORITY WAS NOT RESTRICTED TO DOD; PROPERLY CLEARED PERSONNEL FROM ANY AGENCY--EVEN GAO--COULD USE THE GUIDES FOR MARKING PURPOSES. IN CONTRAST TO DOD, DEPARTMENT OF ENERGY AND CIA OFFICIALS TOLD US THAT EVEN THOUGH 12065 DOESN'T REQUIRE IT, THEY PLANNED TO DESIGNATE THOSE INDIVIDUALS AUTHORIZED TO USE GUIDES TO MARK DOCUMENTS ON A DERIVATIVE BASIS. WE BELIEVE THAT IS AN EXCELLENT IDEA, BUT IN ALL FAIRNESS, I'M SURE IT IS CONSIDERABLY EASIER FOR ENERGY AND CIA ^{BECAUSE OF THEIR SIZE,} TO INSTALL AND MAINTAIN SUCH A SYSTEM THAN IT WOULD BE FOR DOD.

I HAVE NOT TRIED TO COVER EVERYTHING THAT IS IN OUR REPORT, JUST SOME OF THE HIGHLIGHTS. THE REPORT HAS THREE GENERAL CONCLUSIONS.

1. AGENCIES DID NOT COMPLY WITH IMPLEMENTING INSTRUCTIONS ESTABLISHED BY THE NATIONAL SECURITY COUNCIL AND ICRC THAT WERE INTENDED TO PROVIDE PROGRAM OVERSIGHT.
2. THE ICRC, PRIMARILY BECAUSE OF A SHORTAGE OF STAFF AND A LACK OF BACKING BY THE SECURITY COUNCIL, WAS UNABLE TO FULLY PERFORM ITS MONITORING FUNCTION.
3. THE NEW EXECUTIVE ORDER, 12065, WAS UNLIKELY TO IMPROVE PROGRAM OVERSIGHT AND CONTROL WITHOUT SOME MAJOR CHANGES.

WE RECOMMENDED THAT THE INFORMATION SECURITY OVERSIGHT OFFICE REPORT TO THE ADMINISTRATOR OF GSA AND THE NATIONAL SECURITY COUNCIL WHEN AN AGENCY FAILS TO COMPLY WITH SIGNIFICANT PROVISIONS OF 12065 AND ITS IMPLEMENTING INSTRUCTIONS, REQUIRE AGENCIES TO SUBMIT STATISTICAL REPORTS ON THEIR CLASSIFICATION ACTIVITY, AND FULLY DISCLOSE THE SIGNIFICANCE OF STATISTICAL DATA NOT INCLUDED IN ITS ANNUAL REPORTS AND THE REASONS FOR ^{THE} OMISSION. WE ALSO RECOMMENDED THAT ISOO BE GIVEN SUFFICIENT STAFF TO DEVELOP AND CARRY OUT A STRONG PROGRAM OF INDEPTH, ONSITE REVIEWS AT MAJOR INSTALLATIONS THAT CLASSIFY INFORMATION.

WE HAVE MET WITH MIKE BLOUIN AND BOB WELLS AND WE ARE VERY PLEASED WITH THE EFFORT AND ENTHUSIASM OF THE ISOO STAFF. WE PLAN TO WORK AS CLOSELY AS POSSIBLE WITH THEM. I MIGHT ADD THAT WE WOULD ALSO LIKE TO ESTABLISH A CLOSER RELATIONSHIP WITH NCMS AND PERHAPS SOLICIT YOUR VIEWS ON CERTAIN MATTERS.

CURRENT EFFORTS ON CLASSIFICATION GUIDANCE

WE ARE CURRENTLY COMPLETING WORK ON AN EVALUATION OF THE DEVELOPMENT AND USE OF CLASSIFICATION GUIDANCE IN DOD. OUR STAFF HAS VISITED

23 ARMY, NAVY, AND AIR FORCE COMMANDS AND OFFICES IN VARIOUS PARTS OF THE COUNTRY, HAWAII, GERMANY, AND PANAMA. EIGHT GAO REGIONAL OFFICES ARE INVOLVED IN THIS REVIEW. IT IS CONSIDERED A MAJOR REVIEW.

OUR OBJECTIVES ARE TO ASCERTAIN, ON A SAMPLE BASIS, HOW EXTENSIVELY GUIDES ARE USED TO DERIVATIVELY CLASSIFY INFORMATION, HOW SOME OF THE GUIDES ARE DEVELOPED, AND THE PROPRIETY OF A REPRESENTATIVE NUMBER OF CLASSIFICATION MARKINGS. A REPORT ON THIS REVIEW WILL PROBABLY BE RELEASED IN EARLY SEPTEMBER, UNLESS WE RUN INTO SOME UNFORESEEN PROBLEMS.

IT WOULD BE INAPPROPRIATE FOR ME TO DISCUSS OUR FINDINGS IN DETAIL WITH YOU TODAY, SINCE WE HAVE NOT AS YET DISCUSSED THEM WITH DOD OFFICIALS. AS YOU KNOW, THERE IS ALWAYS ROOM FOR IMPROVEMENT IN ANY OPERATION, EVEN IN THE BEST OF ORGANIZATIONS. WE WERE NOT SURPRISED BY SOME OF THE THINGS WE FOUND AND I DOUBT THAT DOD OFFICIALS WILL BE SURPRISED. THERE ARE MANY EXAMPLES OF UNNECESSARY AND OVERCLASSIFICATION, IMPROPER INTERPRETATION OF INSTRUCTIONS AND GUIDES. SUCH ERRORS IN AN ORGANIZATION THE SIZE OF DOD ARE INEVITABLE. WE FEEL, HOWEVER, THAT THE INCIDENCE OF SUCH ERRORS ^{MAY BE} GREATER THAN WHAT MIGHT REASONABLY BE EXPECTED.

WE FOUND CASES OF INDIVIDUALS DOING ORIGINAL CLASSIFICATION, WHO WERE NOT AUTHORIZED AS ORIGINAL CLASSIFIERS. ALSO, THERE WAS AT LEAST ONE CASE WHERE AN INDIVIDUAL WITH TOP SECRET CLASSIFICATION AUTHORITY IMPROPERLY DELEGATED AUTHORITY TO SUBORDINATES TO EXEMPT DOCUMENTS FROM DECLASSIFICATION WITHIN THE PRESCRIBED 6-YEAR PERIOD. WE ALSO FOUND MANY INSTANCES WHERE PARAGRAPH AND PORTION MARKING SHOULD HAVE BEEN USED. ONE MAJOR PROBLEM THAT WE ANTICIPATED WAS

GETTING ACCESS TO CLASSIFIED RECORDS. SOME COMMANDS DENIED US ACCESS BASED UPON THEIR INTERPRETATION OF GUIDANCE FROM THE OFFICE OF THE JOINT CHIEFS OF STAFF. THE INTERPRETATIONS WERE NOT CONSISTENT. AT SOME LOCATIONS WE WERE GIVEN ACCESS TO CLASSIFIED DOCUMENTS, ALTHOUGH SIMILAR DOCUMENTS WERE DENIED AT OTHER LOCATIONS. ALL OF THE THINGS THAT I HAVE MENTIONED, LEAD US TO LOOK FOR CAUSES AND SOLUTIONS. AND THAT IS WHERE GAO GETS ON THE SAME WAVELENGTH WITH THE OLD ICRC, ISOO, AND NCMS. ONE OF THE MAJOR CAUSES APPEARS TO BE A LACK OF TRAINING OF THOSE INDIVIDUALS

WHO MAKE THE DAY-TO-DAY DECISIONS ON CLASSIFICATION MARKINGS.

AS WE SEE IT NOW,
THE SOLUTION REQUIRES TWO, PERHAPS THREE THINGS. ONE, TOP MANAGEMENT AWARENESS OF THE PROBLEM AND A FIRM, LONG-TERM COMMITMENT TO SOLVING IT. TWO, RESOURCES BOTH STAFF AND MONEY. AND THREE, THE POSSIBLE NEED FOR CONGRESSIONAL ACTION TO SEE THAT BOTH THE EFFORT AND THE FUNDS ARE AVAILABLE. MOST OF YOU ARE AWARE THAT, FROM TIME TO TIME, BILLS ARE INTRODUCED IN THE CONGRESS TO LEGISLATE THE CLASSIFICATION OF NATIONAL SECURITY INFORMATION. BOTH SENATOR PROXMIRE AND REPRESENTATIVE PREYER, TWO OF THE SPONSORS OF OUR REVIEW, HAVE INDICATED THE POSSIBILITY OF HOLDING HEARINGS LATER THIS YEAR TO DISCUSS THE NEED FOR LEGISLATION.

TO MY KNOWLEDGE, GAO HAS NO POSITION ON THE QUESTION OF LEGISLATION. THAT IS STRICTLY A PREROGATIVE OF THE CONGRESS. LEGISLATION BY ITSELF DOES NOT ENSURE EFFECTIVE PROGRAM IMPLEMENTATION. AGENCY ATTITUDES AND RESOURCES ARE USUALLY THE KEY ELEMENTS. I, PERSONALLY, AM VERY FAMILIAR WITH ONE CASE WHERE LEGISLATION WAS ENACTED MAKING GSA RESPONSIBLE FOR A GOVERNMENTWIDE PROCUREMENT PROGRAM INVOLVING HALF A BILLION DOLLARS ANNUALLY. OVER A PERIOD OF YEARS, THE AGENCY WAS UNABLE TO CARRY OUT THE FUNCTIONS MANDATED BY LEGISLATION BECAUSE OMB

CONSISTENTLY REFUSED TO INCLUDE THE AGENCY'S REQUEST FOR STAFF AND FUNDING IN THE PRESIDENT'S ANNUAL BUDGET. ON THE OTHER HAND, MANY AGENCIES ARE EXPERT IN PROVIDING LIP SERVICE AND LITTLE ELSE TO GAO AND THE CONGRESS.

CERTAINLY, IF OUR NATIONAL SECURITY IS WORTH IN EXCESS OF ONE HUNDRED AND THIRTY BILLION DOLLARS ANNUALLY, AND IF THE PUBLIC HAS A RIGHT TO KNOW MORE ABOUT GOVERNMENT ACTIVITY THAT INVOLVES OUR NATIONAL SECURITY, THEN IT IS ONLY LOGICAL THAT THE CLASSIFICATION PROGRAM SHOULD HAVE A PRIORITY HIGHER THAN IT NOW HAS. I SEEM TO HAVE STRAYED A LITTLE OFF THE SUBJECT OF OUR CURRENT REVIEW, BUT OUR OVERALL OBJECTIVE IN THIS REVIEW, AS IN OTHER REVIEWS, IS TO IDENTIFY PROBLEMS AND SUGGEST SOLUTIONS. THE IDENTIFICATION OF PROBLEMS, BY EXAMPLE, IS OFTEN UNPLEASANT AND OFTEN SEEMS UNFAIR TO THE PARTIES INVOLVED, BUT IT DOES FOCUS ATTENTION TO THE PROBLEMS AND, HOPEFULLY, CONTRIBUTES TO REASONABLE SOLUTIONS.

PLANS FOR FUTURE REVIEWS

OUR TENTATIVE PLANS FOR THE FUTURE INVOLVE SIX MAJOR AREAS.

1. THE INDUSTRIAL SECURITY PROGRAM.
2. AGENCY AND NARS DECLASSIFICATION PROGRAMS.
3. CLASSIFICATION MANAGEMENT AT AGENCIES OTHER THAN DOD.
4. INTERNAL REVIEWS AND INSPECTIONS OF CLASSIFICATION MANAGEMENT.
5. PHYSICAL SECURITY PROCEDURES AND PRACTICES.
6. AGENCY COMPLIANCE WITH EO 12065, ISOO'S PERFORMANCE IN MONITORING THE PROGRAM, AND A FOLLOW-UP ON OUR PREVIOUS RECOMMENDATIONS.

I SAY THAT THESE ARE OUR TENTATIVE PLANS BECAUSE THEIR EXECUTION IS DEPENDENT ON PRIORITIES ESTABLISHED BY CONGRESSIONAL COMMITTEES THAT MAY INCLUDE OTHER AREAS, AND THEY ARE DEPENDENT ON THE AVAILABILITY OF STAFF.

THE INDUSTRIAL SECURITY AREA IS AT THE TOP OF OUR LIST BECAUSE OF ITS SIZE AND IMPORTANCE. A SURVEY OF THIS AREA HAS BEEN AUTHORIZED, AND WE EXPECT TO START WORK NEXT WEEK. OUR LOS ANGELES OFFICE WILL BE RESPONSIBLE FOR THE SURVEY AND, MOST LIKELY, FOR THE DETAILED REVIEW. OUR INITIAL WORK WILL BE DONE IN THE L.A. AREA, BUT I'M FAIRLY CERTAIN THAT THE DETAILED REVIEW WILL BE EXPANDED TO OTHER AREAS.

ONCE AGAIN WE ARE FACED WITH THE PROBLEM OF WHERE AND HOW TO MAKE A REVIEW. OF COURSE, WE HAVE SOME GENERAL THOUGHTS ON THE MATTER, THINGS THAT WE BELIEVE WILL HAVE TO BE DONE. WE KNOW THAT WE WILL HAVE TO LOOK AT DOD'S INDUSTRIAL SECURITY MANUAL FOR SAFEGUARDING CLASSIFIED INFORMATION (DOD 5220.22M). I UNDERSTAND THAT THE REVISED EDITION, TO REFLECT THE NEW EXECUTIVE ORDER, WILL BE OUT IN A COUPLE OF WEEKS.

NO DOUBT, SOME OF YOU WILL BE HEARING FROM US EITHER DURING OUR SURVEY OR THE DETAILED REVIEW. ALL WE ASK IS YOUR COOPERATION AND PATIENCE. WE ARE NOT CLASSIFICATION SPECIALISTS, BUT WITH YOUR HELP WE MAY BE ABLE TO MAKE CLASSIFICATION MANAGEMENT A MORE EFFICIENT PROGRAM, A PROGRAM THAT HAS THE CONFIDENCE OF THE CONGRESS AND THE PUBLIC.

I THANK YOU FOR THIS OPPORTUNITY TO DISCUSS CONGRESSIONAL AND GAO INVOLVEMENT IN CLASSIFICATION MANAGEMENT. NOW I WILL BE HAPPY TO ANSWER, OR TRY TO ANSWER, ANY QUESTIONS THAT YOU MAY HAVE. I WILL ALSO BE AVAILABLE THIS AFTERNOON AND TOMORROW, IN CASE SOME QUESTIONS COME TO MIND.